

From: Easterling, Deborah
Sent: Tuesday, November 13, 2018 12:11 PM
To:
Subject: linas proposed rate increase 2018-319-E

Dear Mr. Kapustka,

Your comments will be posted in the Docket for Duke Energy Carolinas, LLC – Docket No. 2018-319-E - Application of Duke Energy Carolinas, LLC for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order. Your comments will not be posted in the Duke Energy Progress docket.

Sincerely,

Deborah Easterling
Executive Assistant
Public Service Commission of South Carolina
803-896-5133

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RECEIVED
11/13/2018
12:11 PM
M. J. DMS

From: Easterling, Deborah
Sent: Tuesday, November 13, 2018 12:11 PM
To: 'Luke Kapustka';
Subject: RE: Comment on Duke Carolinas proposed rate increase 2018-319-E

Dear Mr. Kapustka,

This is to acknowledge receipt of your Letter of Protest/Comments to the Public Service Commission of South Carolina. Your Letter of Protest/Comments will be placed in the Protest File of the Docket listed below and on the Commission's Website at www.psc.sc.gov.

- Docket No. 2018-318-E - Application of Duke Energy Progress, LLC for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order

A Protestant is an individual objecting on the ground of private or public interest to the approval of an Application, Petition, Motion or other matters which the Commission may have under consideration. A Protestant may offer sworn testimony but cannot cross-examine witnesses offered by other parties.

According to the Commission's Rules of Practice and Procedure, filing a Protest does not make you a Party of Record. A Protestant desiring to become an Intervenor (i.e., a Party of Record) in a proceeding before the Commission may file a Petition for Intervention within the time prescribed by the Commission.

You can follow this Docket and other daily filings made at the Commission by subscribing to the Commission's Email Subscriptions at this link: <https://dms.psc.sc.gov/Web/Email>; or you can follow the individual Docket at the link listed below:

Docket No. 2018-318-E - Application of Duke Energy Progress, LLC for Adjustments in Electric Rate Schedules and Tariffs and Request for an Accounting Order - <https://dms.psc.sc.gov/Web/Dockets/Detail/116871>

If we may be of further assistance to you, please do not hesitate to contact us.

Sincerely,

Deborah Easterling
Executive Assistant
Public Service Commission of South Carolina
803-896-5133
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From: Luke Kapustka [mailto:luke.kapustka@duke-energy.com]
Sent: Monday, November 12, 2018 10:54 AM
To: PSC_Contact <Contact@psc.sc.gov>
Subject: Comment on Duke Carolinas proposed rate increase 2018-319-E

To whom it may concern,

I have read the proposed rate increase for Duke Carolinas (docket 2018-319-E) and I appreciate the opportunity to comment on this to the Public Service Commission. For the record, I am a residential customer living in Greenville county. My comments are from the perspective of a residential Duke Carolinas customer.

I do not fully support the proposal. I find many hidden figures, facts, and omissions in this proposal.

The increase amount of 12.1% is based on many statements related to what Duke has invested in, what will be invested in, and ensuring investors receive a "fair" return on investment. Nowhere in this proposal does Duke state how they're controlling costs to run a more efficient business. One nebulous statement about "cost containment policies" is made, yet no reference to concrete policies or examples. I realize that running a business costs money. Raising rates without simultaneously working to reduce expenses is half-baked. The statement about fair investor returns points out the precarious position an electric utility exists in, their profit margins are directly associated to the approval of PSC.

I assume most consumers won't read the entire proposal, rather they will visit Duke's consumer-facing proposal web page: <https://news.duke-energy.com/releases/duke-energy-carolinas-proposes-rate-change-for-building-south-carolina-s-smarter-energy-future>. On that page, Duke states: "If the proposal is approved, a residential customer who uses 1,000 kilowatt-hours (kWh) of electricity monthly would pay about \$129.43 per month, an increase of about \$15.57." That assumes the user pays \$113.86 today, and it equates to a 13.2% increase. The math on this calculation does not seem correct.

A few other material-related statements that Duke fails to highlight:

- Residential Basic Facilities Charge increases from \$8.29 to \$28.00 per month (June 1, 2019), the fixed fee for to connect one's home or business to the grid.
- Additional rate increases, above the initial 12.1%, take effect in 2020 and 2021.

I'm not a mathematician, however I would estimate (if the proposal is fully approved) the average 1000kWh/month user's bill (base and consumption) would increase \$35.28/month in January of 2019. After all of the incremental increases are taken into account, in less than two years from today this user would see an increase of \$38.74/month. That's an effective increase of 33.5 percent. \$344.88 per year. Ouch! Allow me to add insult to injury: this figure assumes NO change in consumption and some, though little additional tangible return to consumers.

There are a few mentions of the Lee Nuclear Project. I don't have a full grasp of all details of this beyond Duke spending \$500 million on it so far. There remains value in this site, however it will not be realized until the first kilowatt is generated there. I understand that businesses have to make prudent decisions and adjust course, as needed, and as circumstances change. I disagree that electric users should pay for this failed project. It was due to conditions fully outside of consumer's control and we should not be forced to carry the burden of these events and decisions. In a free market, a business could decide to increase prices and risk of losing customers or absorb the expense in other ways. In the case of utilities, South Carolina consumers cannot choose another utility based on changing circumstances, poor decision making, or incompetence.

I don't fully agree with the statement in the proposal "This proposed rate adjustment is made to support investments that benefit the Company's customers." This statement is extremely subjective. I would say a small fraction of the proposed increase will directly or indirectly benefit customers. One could say compensating Duke's CEO Lynn Good \$21.4 million in 2017 benefits the customer (a 55 percent increase over 2016:

<https://www.charlotteobserver.com/news/business/article204293519.html>). The point is, those statements are not facts, and they deflect the real purpose of the rate increase.

Throughout the proposal, all of Duke's grid modernization and efficiency efforts are presented as a past or future expense. Realistically, most reasonable companies don't invest in something unless there is a tangible benefit: either a predictable ROI or regulatory requirements. Utilities may operate differently and I appreciate that PSC exists to understand these nuances. Investing in something, then asking regulators to help recoup costs after the fact seems a bit backwards.

Duke glosses over how some of these investments and efforts will directly reduce expenses and increase profits. I can think of a few impacts of grid modernization that support Duke financially:

- Modern grids can be more reliable, resulting in fewer repairs, and fewer replacement parts
- Modern grids can report exactly where troubles occur resulting in more efficient repair
- Modern grids can report small issues before they escalate into large (prevent vs. repair)
- Modern grids "may" require fewer repairs
- Modern grids should have fewer transmission losses
- Modernization of lighting (LEDs) use less energy and lower operational costs (transmission lines, fixtures, maintenance, etc.)

Smart Meters do not require personnel to read every month, saving human resources, vehicles, etc. In years past, Duke requested rate increases to cover the installation of these meters. I don't recall Duke stating when they expect to requests a rate reduction once they reach a break-even point (labor and other costs saved vs. equipment/installation costs incurred).

Nowhere in the proposal does Duke offer ways to offset consumer's costs – help them save energy – in a meaningful way. Saving customers a few dollars per year by offering mediocre-quality CFL bulbs, rebates on efficiency upgrades are all nice offers. However, they do not seem as impactful as what can be achieved these days. One idea would be a 10 or 15% rate rebate if a customer or business agrees to install Duke-owned solar panels on their home.

In 2016, Duke and Piedmont Natural Gas merged. Right now, the companies seem to be operating independently and are reported as such on Duke's 10K reports. However, this sets the stage for Duke to control both electric and gas utility services in many areas in the SC (particularly, where I live). That sets up a potential to control prices and reduce competition, none of which are good for consumers, business, or industry. Can we say: monopoly?

I fully support Duke's efforts to meet or exceed environmental regulation. An intangible impact to society (and governments) are healthcare related expenses as a result of burning fossil fuels. I don't have exact figures; however, I do understand that \$1 invested in reducing pollutants in the

environment where people will eventually be affected by them results in several dollars less in medical expenses.

Based on WalletHub.com, SC pays the most for electricity (2018):

<https://wallethub.com/edu/energy-costs-by-state/4833/>

Can Duke rationalize why this is? In all states that Duke operates, the lowest cost is Ohio (#20 in WalletHub's rank based on electric cost alone). It doesn't appear Duke makes an effort to provide a lower cost utility.

My final thought: the following is an example of the result of competition amongst utility companies in Texas: <http://www.powertochoose.org/> (use a zip code in Dallas, TX, for example 75043). Customers have a choice, and these companies are doing just as well as Duke from an investor perspective. They're making much more effort to mix in renewable energy sources, which in the long term will cost less than fossil fuel or nuclear.

Thank you again for this opportunity to voice my concerns.

-Luke